

South Carolina Board of Economic Advisors

Statement of Estimated State Revenue Impact

Date: January 23, 2007

Bill Number: H.B. 3143

Authors: Kirsh, Haskins, and E.H. Pitts

Committee Requesting Impact: House Ways and Means Committee

Bill Summary

To amend Section 12-36-2120, as amended, Code of Laws of South Carolina, 1976, relating to exemption from sales tax, so as to provide an exemption for hospital beds, walkers, and wheelchairs sold or rented to an individual under the written authorization of a health care professional.

REVENUE IMPACT ^{1/}

This bill is expected to reduce General Fund sales and use tax revenue by an estimated \$4.1 million in FY2007-08.

Explanation

This bill would amend Section 12-36-2120 to allow a sales tax exemption on hospital beds, walkers, and wheelchairs sold or rented to individuals with written prescription by an authorized health care professional. Using data from the Centers for Medicare and Medicaid Services, Medicare expenditures for hospital beds and wheelchairs in South Carolina are expected to reach \$27.4 million in 2007-08 (\$20 million for wheelchairs, \$4.4 million for hospital beds, \$3 million for walkers). According to estimates of the Centers for Medicare and Medicaid Services, Medicare durable medical equipment expenditures in South Carolina are approximately 40% of the total durable medical product expenditures in South Carolina. Based upon expenditures for Medicare, it is estimated that the total expenditures for the rentals and sales of wheelchairs, walkers, and hospital beds in South Carolina will reach \$68.5 million in 2007-08. Multiplying this figure by the 6 percent sales and use tax rate amounts to an estimated impact of \$4.1 million. This bill, therefore, is expected to reduce General Fund sales and use tax revenue by an estimated \$4.1 million in FY2007-08.

/s/ William C. Gillespie

William C. Gillespie, Ph.D.
Chief Economist

Analyst: Husman

^{1/} This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.